

DRAFT

WASHINGTON TAX STRUCTURE

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I. Principles: What Basic Precepts Should Underlie a Tax System?

- 1) Description of the principles in the statute.
 - a) Elasticity/Volatility
 - b) Stability
 - c) Equity/Fairness
 - d) Adequacy
 - e) Economic Vitality
 - f) Economic Neutrality/Efficiency
 - g) Transparency/"Lumpiness"
 - h) Administrative Simplicity
 - i) Harmony With Other States
 - j) Home Ownership
- 2) Description of principles that matter most to various groups, as expressed by the Advisory Group, the Competitiveness Council, and committee members.

II. Evaluation of Our Current Tax Structure: How does our tax structure measure up with respect to tax principles?

(Organized by principle and tax)

III. Evaluation of Tax Alternatives: How do alternatives measure up with respect to tax principles?

(Organized by principle and tax)

- 1) Major structural changes (5 to 7)
- 2) Incremental changes
- 3) Rate Changes

IV. Three [to Five] Revenue Neutral Packages that Emphasize Different Principles

(Organized by Package)

- 1) Description of the package and the theme
- 2) Description of the package elements, both major and incremental tax changes.
- 3) Evaluation of each alternative package: how does the alternative package measure up with respect to the tax principles it is designed to address?
- 4) Revenue impact

- 5) Description of administration consequences and other implications

V. Recommendations on Special Issues

(Examples of topics include)

- 1) Criteria for Exemptions
- 2) Taxation of Internet Transactions
- 3) Estate Tax
- 4) User Fees to Fund Certain Private Goods and to Reduce Tax Burden
- 5) Earmarking Taxes
- 6) Rainy Day Fund

VI. Appendix

- 1) Committee members' opinions on alternatives
- 2) Alternatives that have been rejected
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- 4) Description of methodology
- 5) Background and presentations at meetings
- 6) Minutes
- 7) Tax reform efforts from other states
- 8) Detailed responses to questions posed to Advisory Group
- 9) Text of Competitiveness Council recommendations and directions to WTS Committee.
- 10) Bibliography of other states' tax studies
- 11) Academic literature on tax reform, tax perceptions, etc.